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Approved by:

Christine M. Sloop, Agricultural Attache
U.S.Embassy Santiago

Prepared by:

Christine M. Sloop

Report Highlights:

ProChile administers Chile's export promotion fund, which was \$13.3 million in 2002. For 2003, the fund will have \$12.9 million available. ProChile is funding a "Taste of Chile" campaign, which is a generic promotion covering five sectors (beverages, processed foods, salmon, aquaculture, and fresh fruits. For 2004, ProChile intends to continue with the Taste of Chile campaign and to favor other proposals which are both generic and promote a positive country image.

Includes PSD Changes: No
Includes Trade Matrix: No
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SECTION I. EXPORT PROMOTION PROGRAMS

I. National Strategy

- ProChile, the principal marketing arm of the Chilean Government uses both a national strategy and allows each sector to develop their images/strategies.
- They have a relatively centralized decision-making process whereby industry associations and companies must submit detailed proposals to receive funds for specific permitted activities under their "Sector" (PSPEA) or "Company" (PEPEA) programs.
- Taken together the programs are inclusive, involving industries that represent a broad spectrum of the agricultural, wood products, and fishery industries.
- Special funding from the Ministry of Agriculture also is available for export promotion projects proposed by small (InterPYME) and rural family run businesses (InterPAC); the funds are channeled through ProChile.
- The Chilean government's efforts focus on generating a favorable image of the country as a free-trader and a reliable supplier with an ample range of excellent-quality, conveniently-priced goods and services, and offering good business opportunities to its trade partners.
- Recent campaigns also have focused on the visual imagery of Chile as a country of natural beauty and environmental purity. Basic campaign points are:

Openness: The Chilean economy is open to the world,

Market Variety: Chile trades with over 166 countries worldwide;

Supply Variety: Chile offers over 3,700 competitive, quality products for export,

Access: Doing business with Chile is easy, with few tariff walls or bureaucratic hindrances,

Low Risk: Chile is politically stable and has a solid economy,

Excellence: Chile is a reliable supplier that uses leading technology, respects quality and environmental protection standards, and has efficient human resources.

Eco-friendly: Abundant natural resources help Chile promote the image of wholesome food and agricultural products from an unspoiled region of the world.

II. ORGANIZATIONS, THEIR ACTIVITIES, PROGRAMS AND BUDGETS

ProChile has two channels for applying for export promotion funds: Sector Project line or the Entrepreneurial Project Line. The selection of which promotional activities to support is made by an Executive Committee that includes government and private sector representatives. ProChile's policy is to underwrite up to 50 % of the cost of promotional projects with the private sector paying the difference. Currently Chile does not have "check off" provisions for any industry, nor are there any fixed allotments for certain sectors or previous participants. Special emphasis is given to projects that diversify exports and aid small- and medium-size companies (PYME).

Given shrinking resources, ProChile is focusing more heavily on generic promotions and dedicates very few resources to the Entrepreneurial project line, as they believe generic promotions benefit the economy as a whole. Also, projects that incorporate a country image are given precedence, as they believe this helps foster tourism and investment. In 2003, ProChile launched a "tastes of Chile" campaign in the European Union that jointly promoted five sectors: fresh fruits, salmon, beverages (including wine and spirits), aquaculture, and processed foods. The event was a standalone event held at a Hotel and the target audience was the trade (importers, distributors, retailers, and hotels and restaurants). In addition to promoting specific products, the organizers focused on promoting Chile as a politically stable, environmentally beautiful, reliable counter seasonal supplier.

Export promotion funds cover branded and generic advertising (television, radio and print). Point-of-sale materials, in-store promotions, demonstrations (including displays and travel); trade shows and receptions (including displays and travel); public relations campaigns, including press events, journalist teams, logo creation/use, newsletters, website development; seminars, sales missions, trade teams (including site rental and travel); market research, and project evaluations.

ProChile is endeavoring to work not only with the same traditional players (the fresh fruit, wine, and salmon export associations), but also with newer entrants into the export market (the honey, organics, red meat, white meat, and dairy associations). Unfortunately, the budget information for these organizations is confidential. The three traditional players regularly link their product with a country image, providing data on the people and geography of the country. Considerable information about the Chilean fresh fruit association's activities and marketing message can be found in English at the following websites, www.cffausa.org (for the US market), www.cffataiwan.com (Taiwan); www.chilefruit.co.uk (for Europe); www.cffajapan.com (for Japan), and www.cffa.or.kr (for Korea). For the Chilean wine association, the consortium of wine exporters markets itself to the world under www.vinasdechile.com. Finally, for salmon, the producers have an association web page located at www.salmonchile.cl